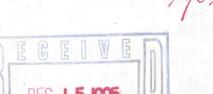


State of Utah

School and Institutional TRUST LANDS ADMINISTRATION

Michael O. Leavitt Governor David T. Terry Director 355 West North Temple 3 Triad Center, Suite 400 Salt Lake City, Utah 84180-1204 801-538-5508 801-355-0922 (Fax)





December 14, 1995

Jerry Powers Cotter Corporation 12596 W. Bayaud, Suite 350 Lakewood, CO 80228

RE: ML 45609--Building Stone/Limestone, San Juan County

M/037/084, Papoose Mine

Dear Mr. Powers:

I recently received an inquiry from Mr. Jon Showalter about reducing the amount of your for the above referenced project. The bond is presently in the amount of \$100,000 with United Pacific Insurance Company as Surety and Cotter Corporation as Principal..

The surety bond obligates the principal to pay all monies, rental, royalties, reclamation costs or any other costs which arise by operation of the above numbered lease accruing to the Lessor. The Utah Division of Oil, Gas and Mining has estimated reclamation costs for the Papoose mine @\$47,600. The Utah Trust Lands Administration estimates outstanding rental and royalty liability at any given time to be \$6,400. Accordingly, the minimum amount of surety bond for this operation is \$54,000.

Upon receiving a Rider to surety bond .____ reducing the amount of the bond from \$100,000 down to \$54,000, I will recommend acceptance by the Director. Please contact me if you have any questions in this matter.

Sincerely,

JOHN T. BLAKE

MINERAL RESOURCES SPECIALIST

JTB/tdw

Tony Gallegos

